

## Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 EB-11 COME-00 INT-08 SCEM-02 SCI-06

OMB-01 TRSE-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 ACDA-19 IO-14 NEA-10 DRC-01 (ISO) W

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R 101730Z DEC 73

FM AMEMBASSY ROME

TO SECSTATE WASHDC 2267

INFO AMEMBASSY LONDON

AMEMBASSY THE HAGUE

USMISSION EC BRUSSELS

USMISSION OECD PARIS

AMCONSUL MILAN

C O N F I D E N T I A L ROME 13688

E.O. 11652: GDS

TAGS: ENRG, IT

SUBJECT: HITCHES IN ENI - SHELL NEGOTIATIONS

REF ROME 13559

1. THERE HAVE APPEARED IN RECENT DAYS INCREASING SIGNS THAT NEGOTIATIONS FOR ENI TAKEOVER OF SHELL ITALIANA, WHICH SEEMED NEAR CONCLUSION, ARE CAUSING SECOND THOUGHTS AMONG ITALIANS.

2. MFA SPOKESMAN STATED TO US ON DECEMBER 10 THAT GOI IS MAKING A DEMARCHE WITH HMG TO "GO SLOW" ON THE DEAL. SOURCE EXPLAINED THAT, ALTHOUGH THERE IS USPPORT FOR GREATER ENI ROME IN NATIONAL PETROLEUM PICTURE, A CURRENT PSYCHOLOGICAL AND POLITICAL ENVIRONMENT IS HARDLY PROPITIOUS FOR A DEAL OF SUCH PROPORTIONS.

3. SENIOR MINISTRY OF INDUSTRY ENERGY OFFICER (RISTAGNO) EXPRESSED PERSONAL VIEW THAT SALE OF SHELL TO ENI WOULD NOT RPT NOT BE IN ITALY'S INTEREST, AND THAT EVERY EFFORT SHOULD BE MADE TO  
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KEEP SHELL IN ITALY. SHELL, ACCORDING TO RISTAGNO, HAS VALUABLE

ACCESS TO CRUDE SOURCES AS WELL AS BETTER PRICE NEGOTIATING POWER THAN WOULD ENI OR NON-INTERNATIONAL COMPANY. RISTAGNO NOTED THAT LACK OF APPROVAL SO FAR FOR TRANSACTION BY MINISTER OF STATE HOLDINGS (WHICH OVERSEES ITALY'S IMPORTANT STATE SECTOR) WOULD SUGGEST THAT DEAL HAS NOT YET NOT BEEN CULMINATED.

4. WEEKEND ITALIAN PRESS CONTAINS REPORTS OF ENI NEGOTIATIONS UNDERWAY WITH IRAN FOR LONG TERM PURCHASE AGREEMENT OF 17 MILLION TONS IRANIAN CRUDE ANNUALLY. ALTHOUGH ENI HAS MAINTAINED THAT NEGOTIATIONS WITH SHELL ARE BILATERAL, AND INVOLVE NO PRODUCING COUNTRY, WE WOULD SUSPECT THAT THE TWO SETS OF NEGOTIATIONS ARE RELATED, WITH THE ULTIMATE SUCCESS OF ONE CONTINGENT UPON THAT OF THE OTHER. VOLPE

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PETROLEUM INDUSTRY, NEGOTIATIONS, PETROLEUM REFINING  
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**Copy:** SINGLE  
**Draft Date:** 10 DEC 1973  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** collinp0  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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30 JUN 2005

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**TAGS:** ENRG, IT, SHELL OIL CO  
**To:** STATE  
**Type:** TE  
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